Supreme Court of the United States

OCTOBER TERM 1944.

No. 347

THE GEORGE W. LUFT COMPANY, INC.,
Petitioner,

against

ZANDE COSMETIC CO., INC., and
ARISTIDES TSIRKAS,
Respondents.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SECOND CIRCUIT, AND BRIEF IN SUPPORT THEREOF.

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To the Honorable Harlan Fiske Stone, Chief Justice of the United States, and the Associate Justices of the Supreme Court of the United States:

The petition of The George W. Luft Company, Inc. respectfully shows:

Your petitioner seeks review of the decree of the United States Circuit Court of Appeals for the Second Circuit (142 F. (2d) 536) dated and filed June 9, 1944 (477), pursuant to its opinion rendered May 9, 1944 (467-475),* in so far as it modifies an interlocutory decree of the United

* Figures in parentheses refer to pages of the Record.

States District Court for the Southern District of New York (48 F. Supp. 602) entered February 19, 1943 (451-453), by limiting the general injunction and accounting granted by the District Court after trial of this action.

A petition by petitioner for rehearing was denied by the Circuit Court of Appeals on June 5, 1944 (475-476).

Summary and Short Statement of Matter Involved.

(1) The action is (a) for infringement of petitioner's technical trademark, consisting of the arbitrary, coined word, "Tangee", for lipsticks and other cosmetics, *registered* under the Federal Trademark Act of February 20, 1905 (15 U. S. C. A. §81 *et seq.*), hereinafter referred to as the Act of 1905, and (b) for unfair competition. It is based on respondents' use upon like goods of the trademark "Zande" and the corporate name "Zande Cosmetic Co., Inc."

Under the Act of 1905 the Federal Courts are vested with jurisdiction to prevent the violation of any right of the owner of a trademark registered thereunder, provided that the infringing mark has been "used * * * in commerce among the several States, or with a foreign nation" (§§ 16, 19 of the Act, 15 U. S. C. A. §§ 96, 99).

The corporate respondent (a New York corporation) manufactures its goods at its factory in New York, where it affixes its mark and corporate name to its goods completely packaged and shipped by it in domestic and foreign commerce, and where it receives the net price thereof (4, 16, 279, 280, 284-285, 426).

(2) The District Court found that petitioner's trademark was intentionally infringed and that respondents were engaged in unfair competition with petitioner. Thus it not

only found that respondents' mark and corporate name were purposely confusingly similar to petitioner's trademark, but it also found that respondents, with intimate knowledge of the standing of the "Tangee" lipstick by reason of the individual respondent's relations with petitioner's former chief chemist, had so arranged the word "Zande" in script that the "Z" appeared like a "T" in script, and had adopted an odor and color for respondents' lipsticks which were substantially identical with the odor and color of petitioner's lipsticks (444-448).

(3) Although the Circuit Court of Appeals affirmed such findings of the District Court, and held that the injunction and accounting should apply to "domestic business" (474), the Circuit Court of Appeals then proceeded to divide foreign business into three classes, (a), (b) and (c) (471), and held that the injunction and accounting, as to use of the infringing mark and corporate name in, and in commerce with, foreign countries,

> (a) should not apply to those foreign "countries where both parties are doing business and the defendants have established their right by the local law to use the name 'Zande' " (471-473), such countries, according to respondents, being Brazil, Colombia, Ecuador, Mexico, Peru and Venezuela.
>
> (b) should apply to Chile, Cuba and Nicaragua (473-474) and any other foreign "countries where both parties are doing business and the defendants have not established" their "right by the local law to use the name 'Zande' " (471).
>
> (c) should not apply to other foreign "countries where the defendants are doing business but the plaintiff has not proved that it ever has done business or is likely to do it" (473).

The Circuit Court of Appeals further directed that the reference to the Master should be "broadened" so as to permit him, in respect of foreign business other than class (b) countries, to consider the evidence introduced before the District Court and additional evidence if offered, and to report in accordance with the Court's opinion (474).

The foreign countries referred to in (a) and (b) above are countries wherein petitioner, as prior registrant of its trademark, had either opposed or applied to cancel the registration of respondents' mark. In the countries mentioned in (a) it was held, under the local law and conditions, that respondents' mark was not confusingly similar to petitioner's trademark, and in the countries mentioned in (b) that respondents' mark was confusingly similar to petitioner's trademark.

(4) Petitioner and the corporate respondent are New York corporations engaged in business in the City of New York. The individual respondent, who owns and controls the corporate respondent, is also a citizen and resident of New York.

Petitioner's trademark "Tangee" has been used since about December, 1920. It was first registered in the United States Patent Office on January 15, 1924 (Pl. Ex. 2, 1051). Subsequent registrations in that office were also granted (Pl. Ex. 3-6, 352-355).

Since at least 1932 "Tangee" has been the largest selling lipstick on the market (58-59, 137). It has been constantly advertised as "The World's Most Famous Lipstick" (Pl. Ex. 13, 380, Pl. Ex. 14A-14E). It is sold throughout the United States and throughout or virtually throughout the world (74-80, 110-115, 149-150).

The corporate respondent was organized by the individual respondent in November 1934 (178) and began the

use of the infringing trademark in January, 1935 (300). Its office and factory are in New York, and it solicits from New York its domestic and foreign accounts, and receives in New York the net price of the goods bearing the infringing mark (4, 16, 279, 280, 284-285, 426).

Prior to this action petitioner had successfully opposed respondents' application to register the infringing trademark in the United States Patent Office (364-373).

The goods of the parties are manufactured and completely packaged at their respective places of business in New York; petitioner's trademark and respondents' infringing mark and corporate name are affixed to their respective goods in New York; and such goods are then shipped by them from New York in intrastate, interstate and foreign commerce (4, 16-17, 74-80, 110-115, 149-150, 166-167, 279-280, Pl. Ex. 13-17).

The packages containing the goods of the parties, besides displaying the respective trademarks, also prominently state on their face that the place of origin of the goods is New York, N. Y. (Pl. Ex. 18, 22-24, 25, 26). In addition the phrase "Made in U. S. A." appears on respondents' packages (Pl. Ex. 25, 26). The address "New York, N. Y." appears immediately under the name "Zande Cosmestic Co., Inc.", the word "Zande" appearing by itself in much larger type in script above the words "Cosmetic Co., Inc.", and the Z in "Zande" being formed so as to resemble the letter T in script (Pl. Ex. 25, 26, 447).

(5) The courts below have unanimously found as a fact that the infringement by the respondents was *intentional* (455, 447-8). To quote, for example, one of the several findings of fact on this subject (448):

> "42. Defendants adopted and have been using the trade-mark 'Zande' and the corporate name 'Zande Cosmetic Co., Inc.' with the intention of ap-

> propriating to themselves the good will of the business of plaintiff represented by the trademark 'Tangee'."

Nor is this the first time that there has been a finding against these respondents of intentional piracy in their business of manufacturing and selling lipsticks. In *Michel Cosmetics Inc.* v. *Tsirkas*, 282 N. Y. 195, 26 N. E. (2d) 16, an action to enjoin these respondents from unfair competition with plaintiff in that action, the New York Court of Appeals said concerning these respondents, 203:

> "The defendants are wanton wrongdoers and in such case 'every doubt and difficulty should be resolved against them.' *Rubber Co.* v. *Goodyear*, 9 Wall. (U. S.) 788, 803."

(6) The very moment when respondents affixed the infringing mark and corporate name to their goods in New York and started the transportation of such goods from their factory in New York in interstate or foreign commerce, or both, they were using such mark and corporate name in such commerce, because a movement of merchandise

> "takes character as interstate or foreign commerce when it is actually started in the course of transportation to another State or to a foreign country" (*Louisiana R. R. Comm.* v. *Texas & Pac. Ry. Co.*, 229 U. S. 336, 341).

(7) Respondents offered in evidence certain documents relating to the registration of respondents' mark in certain foreign countries (Def. Ex. W1-W18). These documents were of two kinds (1) decisions of tribunals in Brazil, Colombia, Ecuador, Mexico, Peru and Venezuela (class (a) countries), wherein petitioner had either opposed or applied to cancel registrations of respondents' trademark;

and (2) registrations of respondents' mark in Costa Rica, Salvador, Spain and Turkey, against which no opposition was filed by petitioner.

Petitioner urged that these documents (Def. Ex. W1-W-18) were irrelevant and immaterial to the issues in this action. Petitioner's contention was sustained by the District Court but overruled by the Circuit Court of Appeals.

Jurisdiction to Review.

Jurisdiction of this Court is invoked under §240 (a) of the Judicial Code (28 U. S. C. A. §347a) and §18 of the Act of 1905 (15 U. S. C. A. §98).

Although the decree sought to be reviewed is interlocutory, this Court has frequently granted review of an interlocutory decree under similar circumstances (*Mishawaka Rubber & Woolen Mfg. Co.* v. *Kresge Co.*, 316 U. S. 203; *Hanover Star Milling Co.* v. *Metcalf*, 240 U. S. 403). See also Robertson & Kirkham's *Jurisdiction of the Supreme Court of the United States* §308, pages 623-624, and cases there cited.

Questions Presented.

Where petitioner's trademark, registered under the Act of 1905, and respondents' trademark and corporate name are affixed by them in New York to their respective completely packaged goods, and such goods are then shipped by them from New York in interstate and foreign commerce, and the District Court and Circuit Court of Appeals find that the respondents' trademark and corporate name are an intentional infringement of petitioner's trademark and are used in unfair competition with petitioner, and the

District Court grants a decree of general injunction and accounting,

(a) did the Circuit Court of Appeals, although affirming the decree of the District Court as to use of the infringing trademark and corporate name in domestic commerce and as to use in, and in commerce with, certain foreign countries, properly modify the decree so that the same should not apply to use of the infringing trademark and corporate name in, and in commerce with, certain other foreign countries, namely, the so-called class (a) countries?

(b) did the Circuit Court of Appeals also properly modify the decree in respect of the so-called class (c) countries (473)?

Reasons Relied on for Granting of Writ of Certiorari.

1. The decision of the Circuit Court of Appeals is without precedent. Although declaring respondents' trademark and corporate name to be an intentional infringement of petitioner's trademark, that Court has excepted from the general injunction and accounting granted by the District Court, respondents' use of the infringing trademark and corporate name in, and in commerce with, certain foreign countries, wherein respondents may possess under the laws of such countries a right to use the same. No other judicial decision has ever read such exceptions into the Act of 1905 or split up foreign commerce or foreign business into any such classifications. Such decision abridges and impairs petitioner's right to a general injunction and accounting at common law and under the Act of 1905. It presents an important federal question which has not been but should be settled by this Court.

2. The decision of the Circuit Court of Appeals works great prejudice to owners of American trademarks used in foreign commerce. It unsettles the value and security of such trademarks. It breeds litigation concerning them both at home and abroad, and makes them shining marks for wiles and piracies.

3. The decision of the Circuit Court of Appeals is in conflict with decisions upon the same matter in *Vacuum Oil Co.* v. *Eagle Oil Co.*, D. N. J., 154 F. 867, affirmed 3 Cir., 162 F. 671, certiorari denied, 214 U. S. 515; *Hecker H-O Co., Inc.* v. *Holland Food Corporation*, 2 Cir., 36 F. (2d) 767; *City of Carlsbad* v. *Kutnow*, S. D. N. Y., 68 F. 794, affirmed 2 Cir., 71 F. 167; and *Glen Cove Mfg. Co.* v. *Ludeling*, S. D. N. Y., 22 F. 823, 825.

4. The decision of the Circuit Court of Appeals is in conflict with other applicable decisions of the same and other Circuits and of this Court.

Wherefore, petitioner respectfully prays that a writ of certiorari be issued out of and under the seal of this Honorable Court directed to the Circuit Court of Appeals for the Second Circuit, commanding that Court to certify and to send to this Court for its review and determination, on a day certain to be therein named, a certified transcript of the record and proceedings herein; that the decree of said Circuit Court of Appeals be modified by this Honorable Court so as to remove all limitations made by said Circuit Court of Appeals upon the injunction and accounting granted by the decree of the District Court; and that peti-

tioner may have such other and further relief in the premises as to this Honorable Court may seem meet and just.

Dated: August 14, 1944.

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Petitioner,

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